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FM AMCONSUL CHIANG MAI
TO RUEHC/SECSTATE WASHDC PRIORITY 0819
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RHMFISS/CDR USPACOM HONOLULU HI
RHEHAAA/NSC WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RHMFISS/JOINT STAFF WASHINGTON DC
RUEHCHI/AMCONSUL CHIANG MAI 0890

C O N F I D E N T I A L SECTION 01 OF 02 CHIANG MAI 000125

SIPDIS

E.O. 12958: DECL: 8/21/2018

TAGS: [PREL](#) [SNAR](#) [PHUM](#) [PREF](#) [TH](#) [BM](#)

SUBJECT: THA-BURMA CROP SUBSTITUTION PROPOSAL ADVANCING, SLOWLY

REF: CHIANG MAI 30 (BURMA SEEKS THAI HELP FOR CROP SUBSTITUTION)

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CLASSIFIED BY: Mike Morrow, CG, ConGen, Chiang Mai.

REASON: 1.4 (b), (d)

Summary and Comment

11. (C) Thai and Burmese officials met in mid-August to explore a Burmese request for Thai assistance in crop substitution and poverty alleviation in drug-producing border areas. While the project reportedly has the backing of the Thai King, progress is slow as the Burmese have yet to meet the Thais' request for access to the project area and related scientific and demographic data. Also, both sides still must approve a draft MOU submitted by the Thai Foreign Ministry. The Thais are seeking assurances in the MOU that the project would not require forced relocations of local residents.

12. (C) Comment. Thai officials believe the project could reduce the flow of drugs, crime and economic migrants from Burma into Thailand, and serve as a confidence-builder for cooperation between the two countries' counternarcotics and development agencies. However, success will depend on the Burma regime's commitment to seeing the project through and refraining from politicizing it as a tool to manipulate ethnic groups in eastern Burma. End Summary and Comment.

Thai-Burmese Crop Substitution Talks Continue

13. (C) Thai and Burmese officials met in Nay Pyi Taw August 13-14 to further explore a project for crop substitution cooperation in drug-producing areas near the Thai-Burma border. The project was proposed by Rangoon earlier this year, and received the backing of Thailand's King Bumiphol when Burma's Prime Minister called on him in June. At the August meeting, the Burmese side was headed by the Secretary General of the Ministry of Progress of the Border Areas and National Races and Development Affairs, and included officials from the education, health, and agriculture ministries. The Thai side was headed by the Office of Narcotics Control Board's (ONCB) Deputy Secretary General, who was accompanied by Foreign Ministry officials, including the Thai Ambassador to Burma.

14. (C) This was the sides' second meeting, following initial discussions in Thailand last February (reftel). According to ONCB Northern Region Director Janya Sramajcha, who attended both meetings, the Burmese this time fleshed out their request by

identifying three areas for Thai assistance:

-- establishment of a poverty reduction and crop substitution project, based on successful Thai models, in the Ban Yin area of southernmost Shan State;

-- training for local Burmese at northern Thailand's non-profit Mae Fah Luang Foundation, a crop substitution and poverty alleviation program established in 1985 under royal patronage; and

-- technical assistance for Burmese Government "Livelihood Development Centers" in Shan, Karen and Mon States.

Next Step: MOU

15. (C) For next steps, Janya told us the Thai MFA is waiting for Rangoon's response to a draft MOU it submitted during the August meeting. The language, once finalized, would have to be approved by both the Thai parliament and Burma's ruling council (SPDC). If the MOU is approved, Thai assistance would be funded by both the ONCB and the MFA's foreign assistance agency. The funds would be allocated over a 12-year period, with initially large outlays gradually diminishing over time with the aim of the project becoming fully sustainable by the Burmese at the end of the 12 years. In the meantime, in October a Burmese delegation will travel to the Mae Fah Luang Foundation's Doi Tung Development Project in northern Thailand to further develop cooperation plans.

Romancing the Pa-O

16. (C) Shan State's Ban Yai area is populated primarily by the
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Pa-O ethnic group, Janya told us. He said the Pa-O have a cease-fire agreement with the Burmese regime, though some "old guard" Pa-O elements refuse to recognize the cease-fire. In fact, the GOB was not willing to allow the visiting Thai delegation to travel to Ban Yai due to concerns that the Burmese Army has not fully secured the area. Nonetheless, the Burmese assured the Thais that Rangoon has good relations with the Pa-O, and anticipate the group having seats in the national parliament following the planned 2010 elections. The Burmese claim that the main aim of the project is poverty reduction, as in their view the Pa-O are not currently active in narcotics trafficking. Rangoon admits, however, that the region has been known in the past for poppy-growing, so one element of the project's launch would be a GOB declaration of Ban Yai as an "opium-free zone."

17. (C) The anti-regime Shan State Army, meanwhile, has warned the Pa-O that implementation of the Ban Yai project would result in forced relocation of local communities in the area, Janya said. The Thai Government is sufficiently concerned about this to have written into the draft MOU a clause nullifying the agreement should forced relocations occur. Janya is unsure how the SPDC will react to this clause, though he told us the Burmese insisted no relocations would be carried out.

Moving Forward Slowly

18. (C) Mae Fah Luang Foundation Director of Operations Dispanadda Diskul, who was part of the Thai delegation, said its organization will need a lot more information from the Burmese before it can move forward. He expressed disappointment that his team was unable to visit Ban Yai at this time. When he hosts the Burmese at the Foundation's Doi Tung project in October, he will press for a timeline for when his assessment team can travel to Ban Yai to meet with local leaders. Diskul has explained to the Burmese that, for the Foundation to make a

serious project assessment, it will need not only access to the site and its people, but also extensive scientific data on temperature, altitude, and soil, as well as demographic data on the local Pa-O. He cautioned that it "will take time" for the Burmese government to be willing and able to provide the necessary access and information.

19. (U) This cable was coordinated with Embassies Bangkok and Rangoon.
MORROW